

# Annual Report 2023

Lara District Community  
Enterprise Limited

Community Bank  
Lara District

ABN 67 134 347 087



# Contents

Chairman's report	2
Manager's report	3
Bendigo and Adelaide Bank report	5
\$2 million into our community	6
Community contributions 2022-23	8
Directors' report	10
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	19
Directors' declaration	41
Independent audit report	42

# Chairman's report

For year ending 30 June 2023



Our Board continues to receive great feedback on our staff, the majority of whom live, work and play in our community. Our staff are the face of our business, and we are indebted to them in the way they work to provide great service and grow our business.

I am delighted to present the Chair report for the year ending June 30 2023. This last year has been a record year for us in terms of our support of Lara, Little River and Anakie communities. Our Community Bank Lara District continues to grow as a business and strengthen our community.

Community Bank Lara District's customer base has continued to grow with a total of 5,383 customers by year end and total banking business (deposits and loans) grew to \$269 million. This represents a 4.7 % growth in banking business over the last 12 months.

Net Profit (after donations and grants of \$491,000) for the Lara District Community Enterprise was \$512,399 (pre-tax).

In addition, we placed a further \$500,000 into the Community Enterprise Foundation™ who hold funds on our behalf to support future grant applications. The Board is actively working on another major project with other partners that will benefit the broader community.

We maintained a strong dividend of 8 cents per share for our shareholders, most of whom have been with us since the beginning. Thank you to all our shareholders who support what we do in our community. While I rarely comment on our share price, this year our most recent share price closed at \$1.25. It was very pleasing to have new shareholders join the register this year. As a company we welcome new shareholders and see it as a vote of confidence in what we do.

Our partners at Bendigo Bank have continued to support us and along with other Community Banks in the Geelong region we have the most physical branches of any bank in the region. We wish to acknowledge the support we receive from the Geelong regional office.

Our Board continues to receive great feedback on our staff, the majority of whom live, work and play in our community. Our staff are the face of our business, and we are indebted to them in the way they work to provide great service and grow our business.

In terms of staff movements, we welcomed Shaffon, Isabella and Neelam to our branch. Over the year we farewelled Jonathon, Michelle, Daina and Di. Di was the last of our original staff who commenced 14 years ago and was a great asset to our business over these years.

As always, our staff look forward to providing a great banking service, and as a Board there is nothing more rewarding than supporting a huge range of groups who add to the fabric of the Lara, Little River and Anakie communities. As our community continues to grow, the challenges to our schools, sporting clubs and service groups, along with pressures on passive recreation areas also increases. As a Community Bank, we see this as an opportunity to provide support to many groups so they can meet the needs of their current and future members as well as the general community.

On a personal note, I would like to thank each of our Directors and Sheyne Berry our Administrative Support Officer for their work in this past year.

Banking is our business; Community is our purpose.

A handwritten signature in black ink that reads "Andrew Hilliard". The signature is written in a cursive, flowing style.

**Andrew Hilliard**  
**Chair Lara District Community Enterprise Limited**

# Manager's report

For year ending 30 June 2023



On the back of this steady growth, we are delighted to have contributed over \$491,000 to various community groups this year. This meant that we were able to achieve the remarkable milestone of \$2 million dollars going back to our community.

Dear valued customers, staff, Board, and community members,

As we reflect on the end of another financial year, we at Community Bank Lara District would like to express our sincerest gratitude to everyone who has supported us throughout the year. We are proud to report that it has been another successful year for our Community Bank and we have seen continued growth in what has been a challenging year for many of us.

We owe our success to our wonderful customers whose trust and loyalty have been the driving force behind our continued growth. We thank you all for your ongoing support.

I would also like to thank our dedicated staff, who work tirelessly to deliver excellent service and help our customers achieve their financial goals. Your hard work and commitment to our values have propelled us forward, and we are grateful for you.

As of 30 June 2023, the overall footings of Community Bank Lara District were \$269.2 million, a substantial increase of \$14 million on this figure at the same time last year reflecting the trust that our customers have placed in us. We remain committed to providing excellent Bendigo Bank banking products and services that meet the needs of our customers, and we will continue to strive towards further growth and success in the coming year.

As at the end of 2023 financial year, the combined branch's business is noted as:

Total Loans	\$110.8 million
Total Deposits	\$158.4 million
Total Business	\$269.2 million

On the back of this steady growth, we are delighted to have contributed over \$491,000 to various community groups this year. This meant that we were able to achieve the remarkable milestone of \$2 million dollars going back to our community. This is something that everyone involved with Community Bank Lara District should be extremely proud of. Our sights are now firmly set on reaching the next milestone of \$3 million! All those involved with our branch strongly believe in supporting local initiatives and are proud to demonstrate our commitment to our community in this way and look forward to continuing our journey with you all and reaching our next milestone together.

The 2022/23 financial year presented us with many unique challenges as we faced 10 consecutive cash rate rises alongside increasing inflation and uncertainty in the building industry. This saw a reduction in lending enquiries throughout the second half of the year. Conversely there was a welcome reprieve to deposit interest rates which saw greater opportunity for wealth growth and generation which saw a large increase in investment and savings account enquiries. Despite these challenges our focus on delivering Bendigo Bank's

## Manager's report (continued)

---

market-leading service and banking products will only be reinforced to ensure we continue to meet our customers' needs. Our ability to adapt and overcome these economic hurdles to meet our customers goals will continue to see us sustainably grow and ultimately allow Community Bank Lara District to contribute much-needed community investments through grants, sponsorships, and donations.

Moving on to our wonderful staff, we said goodbye to Dianne Van Doren, Jonathon Ray, Daina Howard, and Michelle Agosta in the past year and we would like to wish them all the best in their future endeavours. I would like to give a special mention to Dianne Van Doren who was our last inaugural staff member and dedicated 13 years to our business and community. She will be missed by all who had the pleasure of dealing with her and we wish her all the very best.

On the back of those we said goodbye to, we welcomed Shaffon Pattison, Neelam Chotrani, and Isabella Galea to our team, and we are excited to have them on board. They complement our existing team of Kyna Woodford, Dylan Lyall and Josh Berry. Please feel free to pop in to meet our lovely staff and see how they can assist you with all your banking needs. Our employees are one of the main driving forces behind our achievements, and we could not have achieved what we have without their hard work and dedication.

I would also like to take this opportunity to thank our Board members for their continued support and guidance. Their expertise, leadership and commitment have been instrumental in driving our success. This is in conjunction with thanking Regional Manager David Tudor and our Business Banking colleagues for their pivotal part in growing and sustaining our business.

Lastly, I would like to thank our community members for their continued support. We recognise that it is a privilege to serve our community, and we remain committed to giving back to our community and supporting local initiatives whenever possible. If you are new to how our business model works, I like to explain it like this; when you bank with Community Bank Lara District, you have the unique opportunity to bank with one of Australia's largest retail banks, however the profits from your banking go straight back to your community.

In conclusion, thank you all once again for your continued support. We are proud of what we have achieved so far and are committed to continuing to work hard to provide excellent banking services and to make a positive impact on our community. In closing, I wish you, your families and friends all the very best and hope to see many of you in the branch or local community soon.

Thank you,



**Jesse Church**  
**Branch Manager**  
**Community Bank Lara District**

# Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.



**Justine Minne**  
**Bendigo and Adelaide Bank**



\$2 million into our community

## Making a positive difference

Community Bank Lara District opened on 30 June 2009. Over the last 14 years, we have been able to support in excess of 80 groups within the Lara, Little River and Anakie region through grants and sponsorships via our Community Investment Program. These groups have included sporting clubs, schools, emergency services and not-for-profit community groups which service our communities such as Lions Clubs, Rotary Clubs and the RSL.

The Board of Lara District Community Enterprise Ltd have only been able to provide this high level of support due to our shareholders and customers who believe in the community banking model. This model ensures that profits generated from people banking with us are distributed back into our district to improve facilities and programs to benefit the people in our community.

In January this year, we were all extremely excited to pay a grant to the Lara Swimming Club which took us over the \$2 million milestone in community contributions back into our district! This fantastic achievement was announced and celebrated at our March Grants Information Night with the unveiling of our \$2 million t-shirts and a video which highlighted some of the fabulous projects we've had the privilege to be involved with. These include:

- Academic and sporting scholarships with local schools
- Hovell's Creek bike path

---

In January this year, we were all extremely excited to pay a grant to the Lara Swimming Club which took us over the \$2 million milestone in community contributions back into our district!

---

- Fit-out of the new Lara Tennis and Lara Netball Clubs' pavilion
- Funding for environmental groups such as Kevin Hoffman Walk, Lara Community Garden and Mt Rothwell Landcare Volunteers
- Show jumps and cross country jumps with Little River & District Pony Club
- Ultra-light tankers for Lara CFA and Little River Fire Brigade
- Lights at Anakie Football Netball Club.

We've also collaborated with other Community Banks in the Geelong region to provide funding for Bendigo Bank House kid's rehabilitation centre and more recently with Geelong Kokoda Youth Program and Wombat's Wish.

These achievements have only been possible due to the support of our shareholders, customers and hard-working branch staff. We look forward to strengthening our partnerships with community groups and working towards contributing the next million dollars into Lara, Little River and Anakie!

# \$2 Million Club

Lara Combined Churches	German Shepherd Dog Club of Victoria	North Geelong Warriors Football Club
Lions Club of Lara	Little River Sporting Centre	Little River & District Pony Club
Lara Heritage & Historical Society	Lions Club of Little River	Lara Runners
Lara & District Men's Shed	Friend in Me Charity	Geelong Rams Rugby Union Club
Holy Trinity Parish	Lara Tennis Club	You Yangs Mountain Bike Club
Mittagong Girl Guides	Lara Bowling Club	Lara Little Athletics Club
Lara RSL	Anakie Primary School	Anakie CFA
Little River Historical Society	Lara Kindergarten	Lara CFA
St Anthony's Church	TLC Group	Balliang CFA
Lara Food & Wine Festival	Serendip Sanctuary	Little River Fire Brigade
Anakie House	Lara Swimming Club	Corio / Lara SES
2nd Lara Scout Group	Friends of Elcho Park	Little River Primary School
Australia Day Breakfast	Lara Golf Club	St Anthony's Catholic Primary School
Barwon Health Foundation	Lara Baseball Club	Lara Lake Primary School
Rotary Club of Lara District	Lara Latte Cycling Group	Lara Secondary College
Lara Legends Cycling Group	Lara United Football Club	Lara Primary School
Little Teapot Café & Play	Riki Martial Arts	Little River Mechanic's Institute & Free Library
Lara Chamber of Commerce	Lara Giants Basketball Club	Friends of Kevin Hoffman Walk
Balliang Hall	Lara Cricket Club	Mt Rothwell Landcare Volunteers
Lara CWA	Anakie Football Netball Club	Little River Community Landcare Group
Lara Community Centre	Lara Sporting Club	Lara Community Garden & Arts Precinct
Wandarrah Arts & Crafts Group	Lara Fun Run	
Lara Lifestyle Village	Lara Football Netball Club	
Austrian Club	Junior Quarter Midgets	
L2P Driving Program		



*Banking is our Business, Community is our Purpose*





**The park is alive, with the sound of music**  
**Music in the Park**

For too long, Austin Park in Lara has been an under-utilised outdoor space, hence the idea for Music in the Park was born!! Despite a few hiccups due to inclement weather, the event went ahead in March. Music in the Park featured local music acts and was supported by stalls from local community groups and food vendors. We hope this will become an annual event we can run in partnership with local community groups.

**A regional collaborative project.**  
**Wombat's Wish & Geelong Kokoda Youth Program**

The Branch Managers from Geelong Regional Community Branches have collaborated on new sponsorship programs with Geelong Kokoda Youth Program and Wombat's Wish. The Geelong Kokoda Program is a program to engage teenagers and help them work through challenges within their lives. The bank's sponsorship will cover costs for four teenagers over two years to tackle the Kokoda Trail. The branches will also work together to cover the cost of an entire camp for Wombat's Wish, who help children deal with their grief and the challenges they face over the loss of a parent. These are both very worthy causes which make a real difference in the lives of our youth.



**A playground for little AND big kids.**  
**You Yangs Mountain Bike Club**

The You Yangs Mountain Bike Club hold rally days at the You Yangs National Park and in their endeavours to make the trails inclusive for all, they submitted a grant application to create a "progression playground" trail. This new trail caters for different abilities and allows riders to develop at their own pace. While he didn't tackle the new track, Director Jurgen was keen to attend a rally day and see all the action!



**A stitch in time, saves nine**  
**Wandarrah Arts & Crafts Group**



Back in 2021, Lara District Community Enterprise approved a grant application for the Wandarrah Arts and Crafts Group to purchase two sewing machines. These machines have been working tirelessly to create items which are donated to projects such as Cottage by the Sea and to charities like Geelong Mums. The group approached us this year to fund a coverstitch machine to enhance their sewing projects – how could we say “no,” especially when a group of 14 crafters turned up to our Grants Night in the Gen-U mini bus!!!

**On your marks, get set, go!**

**Lara Little Athletics**

This year we became proud sponsors of Lara Little Athletics Club by funding a marquee and sponsoring their perpetual trophies. Libby and Andrew were pleased to attend their Presentation Night to present trophies to our future Olympians – however, the surprise was on them when they received their own trophy for being a valued sponsor!



**The balls in our court**

**Lara Tennis Club and Lara Netball Club**



The new pavilion at Lara Recreation Reserve is part of City of Greater Geelong’s master plan for this sports precinct. The pavilion, along with two new netball and two new tennis courts, complete with lighting, forms the new clubrooms for Lara Tennis Club and the new home for Lara Netball Club. It was fabulous to see two sporting clubs working together to create this new space and we were keen to assist by providing items for the pavilion’s fit-out.

**SPONSORSHIPS**

L2P Program	Friend in Me
Combined Churches Carols Event	Wombat's Wish & Geelong Youth Engagement Program
Friends of Kevin Hoffman Walk	Christmas in Lara
Lara Golf Club	Lara Food Relief Program
Lara Giants Basketball Club	Lara Football Club
2nd Lara Scout Group	Lara Cricket Club
Lara Swimming Club	

**ORGANISATION**

**PROJECT**

**COMMUNITY**

Lions Club Lara	IT Equipment, Defibrillator machine
Lara Community Garden & Arts Precinct	Garden upgrade
Mt Rothwell Landcare Volunteers	Tools, Water tank liner, polaris
Littler River Lions Club	Marquee
Little Teapot Café & Play	Facilitated mums' sessions and event nights
Little River Mechanics Institute	Facility Upgrade
Lara RSL	Memorial Room Shelving
Lara CFA	Airshow T-shirts
Wandarrah Arts & Crafts Group	Coverstitch Machine
Lara Heritage & Historical Society	Exhibit Signs
Combined Probus Group of Lara	IT equipment
Anakie Community House	Community Whist Night
Anglican Parish of Lara & Christ Church Little River	Marquee
Little River Fire Brigade	Ultra-Light Tanker

**SPORT**

Friends of Elcho Park	Dressage Arena repairs, sustainable equipment
Lara Cricket Club	Turf cover trolley
Lara Golf Club	Pennant Jackets, golf cart
Lara Football Club	Line Marking Machine
Lara Swimming Club	Training Equipment, Website development, Marquees, Uniforms
North Geelong Warriors Football Club	Roof replacement, Light Globes
Anakie Football Netball Club	Community Gym
Geelong Rams Rugby Club	Signage Bolsters, Kitchen upgrade
You Yangs Mountain Bike Club Inc	Shade Sail, Progression Playground
Lara Tennis & Lara Netball Clubs	Pavilion Fitout
Geelong Pool Club	Pool Table Reclothing & equipment
Lara United Football Club	Player Benches
Lara Little Athletics	Trophies, Marquee
Geelong Kettlebell Sports Association	Preliminary Assets & Equipment
Little River & District Pony Club	Portable Dressage Arena

**EDUCATION**

Lara Secondary College	Academic & Sports Scholarships
Community Enterprise Foundation	University scholarship program
Lara Lake Primary School	Bain marie, library tubs and freezer
Anakie Primary School	Friendship garden

# Directors' report

## Lara District Community Enterprise Limited Directors' report 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Andrew MacKenzie Hillard
Title:	Non-executive director
Experience and expertise:	Andrew holds a Bachelor of Training and Development. He has an extensive experience in the Human Resources profession across a range of industries. Since retiring from full time employment in 2015, a range of short term assignments have been undertaken. Most recently as a HR manager in the meat processing industry.
Special responsibilities:	Chair, Governance and Community Investment Program
Name:	Elizabeth Joy Bate
Title:	Non-executive director
Experience and expertise:	A retired school teacher who takes an active role on the Lara Community and beyond. A founding member of the Lara Chamber of Commerce, a member of the Lara Fire Brigade, on the organising committee of the Lara Food and Wine Festival and President of Cancer After Care Group Geelong.
Special responsibilities:	Deputy Chair, Convenor Community Support Program Committee
Name:	Ann Elizabeth Butcher
Title:	Non-executive director
Experience and expertise:	Ann is the Executive Director for Royal Freemasons Ltd, People Learning and Culture and Community Services. Ann has 15 years experience in executive roles working in Aged Care. Ann has a Masters in Health Management and has studied the Foundations for Directors Course through AICD.
Special responsibilities:	Company secretary
Name:	Charles John Saliba
Title:	Non-executive director
Experience and expertise:	Charles has operated a small taxation business from home for the past 35 years. He has a strong banking, finance and taxation background. Charles is currently the accountant for the Laverton Catholic Parish.
Special responsibilities:	Finance Committee
Name:	Jürgen Ulrich Günther Strauss
Title:	Non-executive director
Experience and expertise:	Self-employed. Jürgen is the founder of Innovabiz, specialising in digital marketing, website development and lead generation strategies. He also hosts the InnovaBuzz innovation podcast. Jürgen holds B.Sc. (Hons) and PhD in Chemistry, has marketing qualifications from the Wharton Business School and Melbourne Business School. Jürgen has had a 27 year corporate career in chemical R&D, marketing, business management and people management.
Special responsibilities:	Major Community Project Committee
Name:	Natalie Grace Salcombe Candy
Title:	Non-executive director
Experience and expertise:	Corporate superannuation professional with over 20 years experience in the financial services industry. Currently employed as a Relationship Manager at Aware Super. Bachelor of Arts degree from the University of Melbourne. Previously held positions on other volunteer committees.
Special responsibilities:	Community Investment Program

# Directors' report (continued)

## Lara District Community Enterprise Limited Directors' report 30 June 2023

Name:	Ian Graeme Duff
Title:	Non-executive director
Experience and expertise:	Self employed CPA accountant and tax agent for 20 years. Involved with Auction at The Mill . Fundraiser for Give Where You Live Charity (Geelong)
Special responsibilities:	Treasurer
Name:	Alistair Bullock
Title:	Non-executive director
Experience and expertise:	Owner/operator of The Cocktail Cart
Special responsibilities:	Nil.

### Company secretary

The company secretary is Ann Butcher. Ann was appointed to the position of company secretary on 1 April 2020.

### Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

### Review of operations

The profit for the company after providing for income tax amounted to \$390,680 (30 June 2022: \$44,749).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	<b>2023</b>
	<b>\$</b>
Fully franked dividend of 8 cents per share (2022: 8 cents)	<u>70,401</u>

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

### Likely developments

The company will continue its policy of facilitating banking services to the community.

### Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

# Directors' report (continued)

## Lara District Community Enterprise Limited Directors' report 30 June 2023

### Meetings of directors

The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board Eligible	Attended
Andrew MacKenzie Hillard	11	8
Elizabeth Joy Bate	11	9
Ann Elizabeth Butcher	11	8
Charles John Saliba	11	11
Jürgen Ulrich Günther Strauss	11	8
Natalie Grace Salcombe Candy	11	8
Ian Graeme Duff	11	9
Alistair Bullock	11	6

Eligible: represents the number of meetings held during the time the director held office.

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 27 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Andrew MacKenzie Hillard	14,500	-	14,500
Elizabeth Joy Bate	6,001	-	6,001
Ann Elizabeth Butcher	-	-	-
Charles John Saliba	5,001	-	5,001
Jürgen Ulrich Günther Strauss	1,000	-	1,000
Natalie Grace Salcombe Candy	-	-	-
Ian Graeme Duff	6,000	-	6,000
Alistair Bullock	-	-	-

### Indemnity and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

# Directors' report (continued)

---

## Lara District Community Enterprise Limited Directors' report 30 June 2023

### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 28 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



---

Andrew MacKenzie Hilliard  
Chair

1 September 2023

# Auditor's independence declaration



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Lara District Community Enterprise Limited

As lead auditor for the audit of Lara District Community Enterprise Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 1 September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor



# Financial statements

## Lara District Community Enterprise Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	2,310,713	1,317,216
Other revenue	7	26,398	30,205
Finance revenue		10,373	5,095
Fair value gains/(losses) on financial assets	8	38,612	(65,094)
<b>Total revenue</b>		<u>2,386,096</u>	<u>1,287,422</u>
Employee benefits expense	9	(644,603)	(578,465)
Advertising and marketing costs		(21,285)	(20,209)
Occupancy and associated costs		(28,225)	(29,162)
System costs		(24,591)	(27,432)
Depreciation and amortisation expense	9	(56,704)	(55,488)
Finance costs		(37,337)	(36,887)
General administration expenses		(132,011)	(111,948)
Loss on disposal of assets		(3,032)	-
<b>Total expenses before community contributions and income tax expense</b>		<u>(947,788)</u>	<u>(859,591)</u>
<b>Profit before community contributions and income tax expense</b>		1,438,308	427,831
Charitable donations, sponsorships and grants expense	9	(925,909)	(381,111)
<b>Profit before income tax expense</b>		512,399	46,720
Income tax expense	10	(121,719)	(1,971)
<b>Profit after income tax expense for the year</b>	21	390,680	44,749
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>390,680</u>	<u>44,749</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	44.39	5.09
Diluted earnings per share	30	44.39	5.09

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



## Financial statements (continued)

### Lara District Community Enterprise Limited Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,275,877	980,197
Trade and other receivables	12	150,075	97,029
Current tax assets	10	-	24,997
Total current assets		<u>1,425,952</u>	<u>1,102,223</u>
<b>Non-current assets</b>			
Financial assets	15	601,632	542,999
Property, plant and equipment	13	64,862	72,690
Right-of-use assets	14	607,493	589,418
Intangible assets	16	19,776	26,368
Deferred tax assets	10	20,683	31,362
Total non-current assets		<u>1,314,446</u>	<u>1,262,837</u>
<b>Total assets</b>		<u>2,740,398</u>	<u>2,365,060</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	2,244	27,661
Lease liabilities	18	34,376	30,628
Current tax liabilities	10	72,763	-
Employee benefits	19	15,480	28,073
Total current liabilities		<u>124,863</u>	<u>86,362</u>
<b>Non-current liabilities</b>			
Lease liabilities	18	772,072	753,702
Employee benefits	19	2,849	5,095
Lease make good provision		9,307	8,873
Total non-current liabilities		<u>784,228</u>	<u>767,670</u>
<b>Total liabilities</b>		<u>909,091</u>	<u>854,032</u>
<b>Net assets</b>		<u>1,831,307</u>	<u>1,511,028</u>
<b>Equity</b>			
Issued capital	20	857,526	857,526
Retained earnings	21	973,781	653,502
<b>Total equity</b>		<u>1,831,307</u>	<u>1,511,028</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

## Financial statements (continued)

### Lara District Community Enterprise Limited Statement of changes in equity For the year ended 30 June 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2021</b>		857,526	679,154	1,536,680
Profit after income tax expense		-	44,749	44,749
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	44,749	44,749
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(70,401)	(70,401)
<b>Balance at 30 June 2022</b>		<u>857,526</u>	<u>653,502</u>	<u>1,511,028</u>
<b>Balance at 1 July 2022</b>		857,526	653,502	1,511,028
Profit after income tax expense		-	390,680	390,680
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	390,680	390,680
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(70,401)	(70,401)
<b>Balance at 30 June 2023</b>		<u>857,526</u>	<u>973,781</u>	<u>1,831,307</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

## Financial statements (continued)

### Lara District Community Enterprise Limited Statement of cash flows For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,480,743	1,419,684
Payments to suppliers and employees (inclusive of GST)		(2,021,402)	(1,279,860)
Dividends received		21,025	30,205
Interest received		10,373	5,095
Income taxes paid		<u>(13,280)</u>	<u>(20,437)</u>
Net cash provided by operating activities	29	<u>477,459</u>	<u>154,687</u>
<b>Cash flows from investing activities</b>			
Payments for financial assets		(20,018)	(38,380)
Payments for property, plant and equipment		(10,644)	(23,305)
Payments for intangible assets		<u>(13,184)</u>	<u>(13,184)</u>
Net cash used in investing activities		<u>(43,846)</u>	<u>(74,869)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	23	(70,401)	(70,401)
Repayment of lease liabilities	18	<u>(67,532)</u>	<u>(64,254)</u>
Net cash used in financing activities		<u>(137,933)</u>	<u>(134,655)</u>
Net increase/(decrease) in cash and cash equivalents		295,680	(54,837)
Cash and cash equivalents at the beginning of the financial year		<u>980,197</u>	<u>1,035,034</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>1,275,877</u></u>	<u><u>980,197</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# Notes to the financial statements

## **Lara District Community Enterprise Limited** **Notes to the financial statements** **30 June 2023**

### **Note 1. Reporting entity**

The financial statements cover Lara District Community Enterprise Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 5 Waverley Road, Lara, VIC 3212.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

### **Note 2. Basis of preparation and statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 September 2023. The directors have the power to amend and reissue the financial statements.

### **Note 3. Significant accounting policies**

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### **Changes in accounting policies, standards and interpretations**

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### **Impairment**

##### *Non-derivative financial assets*

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

## Notes to the financial statements (continued)

---

### Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

#### *Non-financial assets*

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

### Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Fair value measurement hierarchy*

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
- Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
- Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

## Notes to the financial statements (continued)

---

### Note 4. Critical accounting judgements, estimates and assumptions (continued)

#### *Impairment of non-financial assets*

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

#### *Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 2024.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

## Notes to the financial statements (continued)

### Note 5. Economic dependency (continued)

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

### Note 6. Revenue from contracts with customers

	2023 \$	2022 \$
Margin income	2,120,732	1,127,609
Fee income	92,233	87,100
Commission income	97,748	102,507
	<u>2,310,713</u>	<u>1,317,216</u>

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

## Notes to the financial statements (continued)

---

### Note 6. Revenue from contracts with customers (continued)

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

#### *Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

#### *Margin income*

Margin on core banking products is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits  
**plus:** any deposit returns i.e. interest return applied by Bendigo Bank for a deposit  
**minus:** any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

#### *Commission income*

Commission income is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

#### *Fee income*

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

#### *Core banking products*

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

#### *Ability to change financial return*

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.



## Notes to the financial statements (continued)

### Note 7. Other revenue

	2023 \$	2022 \$
Dividend and distribution income	21,025	30,205
Other income	5,373	-
Other revenue	<u>26,398</u>	<u>30,205</u>

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

### Note 8. Fair value gains/(losses) on financial assets

	2023 \$	2022 \$
Fair value gains/(losses) on financial assets	<u>38,612</u>	<u>(65,094)</u>

These amounts relate to the increase and decrease in the market value of financial assets held by the company.

### Note 9. Expenses

#### Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	540,658	485,104
Non-cash benefits	18,365	18,253
Superannuation contributions	47,651	46,367
Expenses related to long service leave	1,139	(1,889)
Other expenses	36,790	30,630
	<u>644,603</u>	<u>578,465</u>

## Notes to the financial statements (continued)

### Note 9. Expenses (continued)

#### Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	967	964
Plant and equipment	1,345	1,207
Furniture and fittings	9,949	3,960
Motor vehicles	3,179	3,740
	<u>15,440</u>	<u>9,871</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>34,672</u>	<u>32,434</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	1,099	2,197
Franchise renewal fee	5,493	10,986
	<u>6,592</u>	<u>13,183</u>
	<u>56,704</u>	<u>55,488</u>

#### Finance costs

	2023 \$	2022 \$
Lease interest expense	36,903	36,472
Unwinding of make-good provision	434	415
	<u>37,337</u>	<u>36,887</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

#### Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>9,403</u>	<u>11,988</u>

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under *AASB 16 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

#### Charitable donations, sponsorships and grants expense

	2023 \$	2022 \$
Direct donation, sponsorship and grant payments	425,909	251,566
Contribution to the Community Enterprise Foundation™	500,000	129,545
	<u>925,909</u>	<u>381,111</u>

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

## Notes to the financial statements (continued)

### Note 9. Expenses (continued)

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

### Note 10. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	120,051	30,545
Movement in deferred tax	10,679	(15,629)
Net benefit of franking credits on dividends received	(9,011)	(12,945)
Aggregate income tax expense	<u>121,719</u>	<u>1,971</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>512,399</u>	<u>46,720</u>
Tax at the statutory tax rate of 25%	128,100	11,680
Tax effect of:		
Non-deductible expenses	377	-
Other assessable income	2,253	3,236
Net benefit of franking credits on dividends received	(9,011)	(12,945)
Income tax expense	<u>121,719</u>	<u>1,971</u>
	2023 \$	2022 \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward capital losses	3,175	3,175
Employee benefits	4,582	8,292
Provision for lease make good	2,327	2,218
Accrued expenses	-	450
Income accruals	-	(173)
Lease liabilities	201,612	196,082
Right-of-use assets	(151,873)	(147,354)
Property, plant and equipment	(12,106)	(13,942)
Financial assets at fair value through profit or loss	(27,034)	(17,386)
Deferred tax asset	<u>20,683</u>	<u>31,362</u>
	2023 \$	2022 \$
Income tax refund due	<u>-</u>	<u>24,997</u>
	2023 \$	2022 \$
Provision for income tax	<u>72,763</u>	<u>-</u>

## Notes to the financial statements (continued)

### Note 10. Income tax (continued)

#### *Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

#### *Accounting policy for current tax*

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### *Accounting policy for deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

### Note 11. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	226,276	97,240
Term deposits	1,049,601	882,957
	<u>1,275,877</u>	<u>980,197</u>

#### *Accounting policy for cash and cash equivalents*

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

### Note 12. Trade and other receivables

	2023 \$	2022 \$
Trade receivables	150,075	90,136
Accrued income	-	696
Prepayments	-	6,197
	<u>150,075</u>	<u>97,029</u>

## Notes to the financial statements (continued)

### Note 12. Trade and other receivables (continued)

#### Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Note 13. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	19,341	19,341
Less: Accumulated depreciation	<u>(3,866)</u>	<u>(2,899)</u>
	15,475	16,442
Plant and equipment - at cost	11,820	9,211
Less: Accumulated depreciation	<u>(7,571)</u>	<u>(6,226)</u>
	4,249	2,985
Fixtures and fittings - at cost	296,873	296,129
Less: Accumulated depreciation	<u>(269,751)</u>	<u>(264,061)</u>
	27,122	32,068
Motor vehicles - at cost	42,968	42,968
Less: Accumulated depreciation	<u>(24,952)</u>	<u>(21,773)</u>
	18,016	21,195
	<u>64,862</u>	<u>72,690</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements \$	Plant and equipment \$	Furniture and fittings \$	Motor vehicles \$	Total \$
Balance at 1 July 2021	17,406	4,192	12,723	24,935	59,256
Additions	-	-	23,305	-	23,305
Depreciation	<u>(964)</u>	<u>(1,207)</u>	<u>(3,960)</u>	<u>(3,740)</u>	<u>(9,871)</u>
Balance at 30 June 2022	16,442	2,985	32,068	21,195	72,690
Additions	-	2,609	8,035	-	10,644
Disposals	-	-	(3,032)	-	(3,032)
Depreciation	<u>(967)</u>	<u>(1,345)</u>	<u>(9,949)</u>	<u>(3,179)</u>	<u>(15,440)</u>
Balance at 30 June 2023	<u>15,475</u>	<u>4,249</u>	<u>27,122</u>	<u>18,016</u>	<u>64,862</u>

#### Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## Notes to the financial statements (continued)

### Note 13. Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	20 years
Plant and equipment	5 to 10 years
Furniture, fixtures and fittings	2 to 5 years
Motor vehicles	3 to 8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### *Changes in estimates*

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

### Note 14. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	1,048,301	995,554
Less: Accumulated depreciation	<u>(440,808)</u>	<u>(406,136)</u>
	<u>607,493</u>	<u>589,418</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$
Balance at 1 July 2021	583,790
Remeasurement adjustments	38,062
Depreciation expense	<u>(32,434)</u>
Balance at 30 June 2022	589,418
Remeasurement adjustments	52,747
Depreciation expense	<u>(34,672)</u>
Balance at 30 June 2023	<u>607,493</u>

#### *Accounting policy for right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

## Notes to the financial statements (continued)

### Note 15. Financial assets

	2023 \$	2022 \$
Equity securities - designated at fair value through profit or loss	601,632	542,999

#### Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	542,999	569,714
Additions	20,021	38,380
Revaluation increments	38,612	-
Revaluation decrements	-	(65,095)
Closing carrying amount	601,632	542,999

#### Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

### Note 16. Intangible assets

	2023 \$	2022 \$
Franchise fee	22,604	22,604
Less: Accumulated amortisation	(19,308)	(18,209)
	3,296	4,395
Franchise renewal fee	112,192	112,192
Less: Accumulated amortisation	(95,712)	(90,219)
	16,480	21,973
	19,776	26,368

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	6,592	32,959	39,551
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2022	4,395	21,973	26,368
Amortisation expense	(1,099)	(5,493)	(6,592)
Balance at 30 June 2023	3,296	16,480	19,776

#### Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

## Notes to the financial statements (continued)

### Note 16. Intangible assets (continued)

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2024

Amortisation methods, useful life, and residual values are reviewed and adjusted, if appropriate, at each reporting date.

#### Change in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

### Note 17. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Other payables and accruals	<u>2,244</u>	<u>27,661</u>

#### Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the company is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

### Note 18. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	72,257	67,531
Unexpired interest	<u>(37,881)</u>	<u>(36,903)</u>
	<u>34,376</u>	<u>30,628</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	1,083,852	1,080,492
Unexpired interest	<u>(311,780)</u>	<u>(326,790)</u>
	<u>772,072</u>	<u>753,702</u>



## Notes to the financial statements (continued)

### Note 18. Lease liabilities (continued)

#### Reconciliation of lease liabilities

	2023 \$	2022 \$
Opening balance	784,330	774,050
Remeasurement adjustments	52,747	38,062
Lease interest expense	36,903	36,472
Lease payments - total cash outflow	<u>(67,532)</u>	<u>(64,254)</u>
	<u>806,448</u>	<u>784,330</u>

#### Maturity analysis

	2023 \$	2022 \$
Not later than 12 months	72,257	67,531
Between 12 months and 5 years	289,027	270,123
Greater than 5 years	<u>794,825</u>	<u>810,369</u>
	<u>1,156,109</u>	<u>1,148,023</u>

#### Accounting policy for lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option, or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise	Lease term end date used in calculations
Lara Branch	4.79%	5 years	3 x 5 years	Yes	June 2039

## Notes to the financial statements (continued)

### Note 19. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	6,076	15,684
Long service leave	9,404	12,389
	<u>15,480</u>	<u>28,073</u>
<i>Non-current liabilities</i>		
Long service leave	<u>2,849</u>	<u>5,095</u>

#### *Accounting policy for employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

#### *Superannuation contributions*

Contributions to superannuation plans are expensed in the period in which they are incurred.

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

### Note 20. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	880,011	880,011	880,011	880,011
Less: Equity raising costs	-	-	(22,485)	(22,485)
	<u>880,011</u>	<u>880,011</u>	<u>857,526</u>	<u>857,526</u>

## Notes to the financial statements (continued)

---

### **Note 20. Issued capital (continued)**

#### *Accounting policy for issued capital*

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### *Rights attached to issued capital*

##### *Ordinary shares*

##### Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

##### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

##### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

##### *Prohibited shareholding interest*

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

## Notes to the financial statements (continued)

### Note 20. Issued capital (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

### Note 21. Retained earnings

	2023 \$	2022 \$
Retained earnings at the beginning of the financial year	653,502	679,154
Profit after income tax expense for the year	390,680	44,749
Dividends paid (note 23)	<u>(70,401)</u>	<u>(70,401)</u>
Retained earnings at the end of the financial year	<u>973,781</u>	<u>653,502</u>

### Note 22. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

### Note 23. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2023 \$	2022 \$
Fully franked dividend of 8 cents per share (2022: 8 cents)	<u>70,401</u>	<u>70,401</u>

## Notes to the financial statements (continued)

### Note 23. Dividends (continued)

#### Franking credits

	2023 \$	2022 \$
Franking account balance at the beginning of the financial year	313,192	303,277
Franking credits (debits) arising from income taxes paid (refunded)	14,092	20,437
Franking debits from the payment of franked distributions	(23,467)	(23,467)
Franking credits from franked distributions received	9,011	12,945
	<u>312,828</u>	<u>313,192</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	312,828	313,192
Franking credits (debits) that will arise from payment (refund) of income tax	72,763	(24,185)
Franking credits available for future reporting periods	<u>385,591</u>	<u>289,007</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

#### Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

### Note 24. Financial instruments

	2023 \$	2022 \$
<b>Financial assets</b>		
Trade and other receivables	150,075	90,832
Cash and cash equivalents	1,275,877	980,197
Financial assets	601,632	542,999
	<u>2,027,584</u>	<u>1,614,028</u>
<b>Financial liabilities</b>		
Trade and other payables	2,244	27,661
Lease liabilities	806,448	784,330
	<u>808,692</u>	<u>811,991</u>

#### Accounting policy for financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, lease liabilities and equity securities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs (where applicable), when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method, except for the equity securities which remain at fair value through profit or loss (FVTPL).

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the financial statements (continued)

### Note 24. Financial instruments (continued)

#### Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board.

#### Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$1,275,877 at 30 June 2023 (2022: \$980,197).

#### Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
<b>2023</b>						
Equity securities	10%	<u>60,163</u>	<u>45,122</u>	10%	<u>(60,163)</u>	<u>(45,122)</u>
	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
<b>2022</b>						
Equity securities	10%	<u>54,300</u>	<u>40,725</u>	10%	<u>(54,300)</u>	<u>(40,725)</u>

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

## Notes to the financial statements (continued)

### Note 24. Financial instruments (continued)

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Trade and other payables	2,244	-	-	2,244
Lease liabilities	72,257	289,027	794,825	1,156,109
Total non-derivatives	74,501	289,027	794,825	1,158,353
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
Trade and other payables	27,661	-	-	27,661
Lease liabilities	67,531	270,123	810,369	1,148,023
Total non-derivatives	95,192	270,123	810,369	1,175,684

### Note 25. Fair value measurement

#### Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2023</b>				
<b>Assets</b>				
Equity securities	601,632	-	-	601,632
Total assets	601,632	-	-	601,632
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2022</b>				
<b>Assets</b>				
Equity securities	542,999	-	-	542,999
Total assets	542,999	-	-	542,999

There were no transfers between levels during the financial year.

## Notes to the financial statements (continued)

### Note 26. Key management personnel disclosures

The following persons were directors of Lara District Community Enterprise Limited during the financial year and/or up to the date of signing of these financial statements.

Andrew MacKenzie Hillard	Elizabeth Joy Bate
Ann Elizabeth Butcher	Charles John Saliba
Jürgen Ulrich Günther Strauss	Natalie Grace Salcombe Candy
Ian Graeme Duff	Alistair Bullock

No director of the company receives remuneration for services as a company director or committee member.

### Note 27. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
Alistair Bullock owns and operates a Cocktail Cart which the bank used for the Christmas party.	-	252
Directors of the entity received reimbursements totaling:	5,409	5,500

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2023 \$	2022 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,400	5,200
<i>Other services</i>		
General advisory services	5,980	3,280
Share registry services	3,957	3,686
	9,937	6,966
	<u>15,337</u>	<u>12,166</u>



## Notes to the financial statements (continued)

### Note 29. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	390,680	44,749
Adjustments for:		
Depreciation and amortisation	56,704	55,488
Net loss on disposal of non-current assets	3,032	-
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(38,612)	65,094
Lease liability interest	36,903	36,472
Change in operating assets and liabilities:		
Increase in trade and other receivables	(53,046)	(20,163)
Decrease/(increase) in income tax refund due	24,997	(2,838)
Decrease/(increase) in deferred tax assets	10,679	(15,628)
Decrease in trade and other payables	(12,236)	(7,597)
Increase in provision for income tax	72,763	-
Decrease in employee benefits	(14,839)	(1,305)
Increase in other provisions	434	415
Net cash provided by operating activities	<u>477,459</u>	<u>154,687</u>

### Note 30. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>390,680</u>	<u>44,749</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>880,011</u>	<u>880,011</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>880,011</u>	<u>880,011</u>
	Cents	Cents
Basic earnings per share	44.39	5.09
Diluted earnings per share	44.39	5.09

#### Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Lara District Community Enterprise Limited, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 31. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

### Note 32. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

### Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

# Directors' declaration

## Lara District Community Enterprise Limited Directors' declaration 30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



---

Andrew MacKenzie Hilliard  
Chair

1 September 2023

# Independent audit report



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

## Independent auditor's report to the Directors of Lara District Community Enterprise Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Lara District Community Enterprise Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Lara District Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

---

## Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

## Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

afs@afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written over a light grey grid background.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 1 September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin', written over a light grey grid background.

**Joshua Griffin**  
Lead Auditor

Community Bank - Lara District  
5 Waverley Road, Lara VIC 3212  
Phone: 03 5282 6430 Fax: 03 5282 8842  
Email: [laramailbox@bendigobank.com.au](mailto:laramailbox@bendigobank.com.au)  
Web: [www.bendigobank.com.au/lara](http://www.bendigobank.com.au/lara)

Franchisee: Lara District Community Enterprise Limited  
ABN: 67 134 347 087  
5 Waverley Road, Lara VIC 3212  
Phone: 03 5282 6430 Fax: 03 5282 8842  
Email: [mail@ldce.com.au](mailto:mail@ldce.com.au)

 /laradistrictcommunitybankbranch

 /bendigocb\_lara

This Annual Report has been printed on 100% Recycled Paper

 **Bendigo Bank**